

Questions and Answers Concerning the Connecticut CHET Program RFP

As of February 14, 2020

- 1. The RFP does not appear to require completion of Attachment M “Evaluation and Implementation of Sustainable Principles”/Attachment M “Evaluation and Implementation of Sustainable Principles (Real Estate)”;** however, this Attachment is included in the Legal and Policy Attachment form, which requires completion by the Respondent. Please clarify whether Attachment M “Evaluation and Implementation of Sustainable Principles”/Attachment M “Evaluation and Implementation of Sustainable Principles” (Real Estate) needs to be completed by the Respondent.

Please complete Attachment M – Evaluation and Implementation of Sustainable Principles. This attachment may be located through the following link:

https://portal.ct.gov/-/media/OTT/Doing-Business/ATTACHMENT-M_FINAL.pdf?la=en

(Please note that there is a second Attachment M on the OTT website, which relates to real estate. The Attachment M relating to real estate should not be completed.)

- 2. Will a Respondent be disqualified if it does not propose a national marketing/distribution plan for the advisor-sold 529 business? If not, will such an in-state only marketing/distribution proposal for the advisor-sold 529 business negatively impact a Respondent’s bid?**

No. It is expected that Respondents would submit an annual marketing commitment for the expected eight-year contract term.

- 3. What are the services and financial commitment to the Scholarship Program by the current provider?**

CHET Advance is administered under the banner of the Connecticut Higher Education Trust, Connecticut's 529 college savings plan. TIAA-CREF Tuition Financing, Inc. (TFI) and The Hartford, plan managers for CHET Direct-Sold and CHET Advisor-Sold, respectively, contribute annually into a Scholarship account to finance the Scholarship program, under their contracts with the Treasurer's Office to manage the CHET programs. TFI contributes about \$250K and The Hartford contributes \$100K.

- 4. Per the attachment Management Agreement, Sections 4 and 5 indicate that the “Program Management” and “Investment Management”, respectively, would be subject to negotiation. Will the Investment Management terms be included in Section 5 of the Management Agreement, or will there be a separately negotiated Investment Management Agreement?**

If the Respondent is both the program manager and the investment manager, the OTT envisions one Management Agreement to cover both. If the Respondent is the program manager and subcontracts with an entity that is the investment

manager, the details of the investment manager would be included in a separate Investment Management Agreement.

- 5. Section 15 of the Management Agreement provides that certain topics are subject to negotiation, including that of an “Education Savings Consultant” (ESC). What is the scope of the ESC’s role?**

An ESC is a field representative to assist with education related inquiries (*i.e.*, guidance as to how to make withdrawals from an account).

- 6. Certain provisions in the Management Agreement indicate that they are subject to negotiation, and others are clearly detailed in the Agreement. Are those terms currently detailed in the Management Agreement open to any negotiation process?**

The OTT does not have the flexibility to negotiate provisions mandated by statute, the Connecticut Office of the Attorney General, or Connecticut law & policy.

- 7. Can you please provide historical data on both contributions and distributions for the CHET direct and advisor sold plans?**

| 12/31 Data | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Direct Plan | Contributions | 283,977,799 | 303,806,942 | 323,926,044 | 336,038,253 | 369,921,736 | 398,479,802 | 416,311,298 |
| | Redemptions | (187,272,346) | (211,225,392) | (235,822,091) | (246,562,831) | (284,498,841) | (309,786,101) | (343,913,919) |
| Advisor Plan | Contributions | 74,029,779 | 83,729,714 | 78,967,295 | 80,538,775 | 86,187,150 | 88,548,607 | 89,241,787 |
| | Redemptions | (9,137,622) | (16,353,546) | (23,595,319) | (30,969,646) | (38,839,883) | (46,807,882) | (55,681,248) |

- 8. Does the State currently have a vendor in place that provides these services? If so, could you provide the name of the firm, and the contract number?**

CHET RFP on page 3 lists the current vendors in place for the Direct Plan (TIAA-CREF Tuition Financing Inc.) and Advisor Plan (Hartford Funds Management Company).

- 9. If there is a contract in place, could you provide the total spend on that contract?**

Refer to the Connecticut Higher Education Trust section on the Office of the Treasurer website (<https://portal.ct.gov/OTT/Financial-Education/CHET/Connecticut-Higher-Education-Trust>) for details on the total spend for both program managers.

10. Are these services likely to be a continual need for the State? Will they possibly be rebid in the future to follow the awarded contract resulting from this RFP?

Yes, the State of Connecticut is committed to helping families save for college through the Connecticut Higher Education Trust (CHET). Yes, this contract will be rebid at the end of the eighth-year term.

11. Will the State or RFP scoring process give preferential weighting to respondents who provide a combined direct and advisor plan proposal?

No.

12. Please confirm if there are any e mail size limitations/constraints we should be aware of in delivering our RFP response

No, respondents are able to submit an electronic copy in PDF format or on a USB/Thumb drive.

13. Please provide historical call volumes for last 2 years.

| Call Volume | | | | | |
|-------------|-------|-------|-------|-------|------------|
| | 18Q1 | 18Q2 | 18Q3 | 18Q4 | 2018 Total |
| Direct | | | | | |
| Advisor | 4,603 | 3,379 | 4,524 | 4,197 | 16,703 |

| Call Volume | | | | | |
|-------------|-------|-------|-------|-------|------------|
| | 19Q1 | 19Q2 | 19Q3 | 19Q4 | 2019 Total |
| Direct | | | | | |
| Advisor | 4,406 | 3,502 | 4,552 | 4,596 | 17,056 |

14. Please provide the following (total and manual only) for the following:

- a. New Accounts
- b. Purchases
- c. Redemptions
- d. Account Maintenance
- e. Correspondence
- f. E mail
- g. Live Chat

| 2019 | Total Direct | % Manual |
|---------------------|-----------------|----------|
| New Accounts | 12,651 | 8% |
| Purchases | \$ 416,311,298 | 24% |
| Redemptions | \$(343,913,919) | 18% |
| Account Maintenance | 26,427 | 28% |
| Correspondence | 2,474 | 100% |
| E-mail | No offered | N/A |
| Live Chat | No offered | N/A |

| 2019 | Total Advisor | % Manual |
|---------------------|----------------------|-----------------|
| New Accounts | 2,770 | 1.5% |
| Purchases | \$ 89,241,787 | 71% |
| Redemptions | \$ (55,681,248) | 100% |
| Account Maintenance | 164,122 | 100% |
| Correspondence | 2,107 | 55% |
| E-mail | No offered | N/A |
| Live Chat | No offered | N/A |

15. Please provide additional information on how Baby Scholar contributions are handled by your current providers (e.g. how are contributions communicated to the provider, reporting requirements, etc.)

The CHET Baby Scholars program is funded from the now defunct Connecticut Student Loan Foundation. Contributions are communicated by internal Staff to the administrator of the direct plan, TIAA-CREF Tuition Financing, Inc. (TFI).

16. Are you able to provide any guidance on how to address questions within “Attachment M: Evaluation and Implementation of Sustainable Principles” given CHET RFP responses may feature many underlying funds / managers?

The objective of Attachment M is to gain insight into a respondent’s approach to the consideration of environmental, social and governance (ESG) factors as part of the investment decision making process, given that such factors can impact both risk and return over the long term. Respondents should answer the questions set forth in Attachment M to the best of their ability. To the extent that questions are not applicable to the services they are proposing, then they should so indicate.